

## Message Text

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42

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 SSC-01 EB-07 AGRE-00 OMB-01  
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PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 COME-00 /070 W  
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R 071841Z DEC 76

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 2764

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

HQ USSOUTHCOM SCJ2

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E.O. 11652: N/A

TAGS: PGOV, PINT, UY

SUBJ: CABINET CHANGES: MINISTER OF AGRICULTURE RESIGNS.

FONMIN BLANCO DEPARTED FOR BRASILIA MEETING DEC. 6.

REF: MONTEVIDEO 4678 (DTG DEC 031955Z)

1. SUMMARY. AGRICULTURE MINISTER JULIO AZNAREZ' RESIGNATION  
DATED NOVEMBER 29 WAS ACCEPTED BY PRESIDENT MENDEZ ON DECEMBER  
6. TO DATE THERE HAS BEEN NO PUBLIC ANNOUNCEMENT OF  
FOREIGN MINISTER BLANCO'S RUMORED RESIGNATION. END OF SUMMARY.

2. IN A DECEMBER 5 NEWSPAPER INTERVIEW, AGRICULTURE MINISTER  
JULIO AZNAREZ OFFICIALLY ANNOUNCED THAT HE HAD SUBMITTED HIS  
RESIGNATION TO PRESIDENT APARICIO MENDEZ ON NOVEMBER 29. WHILE  
AZNAREZ DECLINED TO GIVE A REASON, SOME AGRICULTURE  
SECTOR SOURCES SAY THAT HE RESIGNED SOON AFTER ATTENDING  
A WHEAT POLICY MEETING IN WHICH HE PRESSED UNSUCCESSFULLY  
FOR A LEVEL OF WHEAT SUPPORT PRICE WHICH WOULD PROVIDE  
INCENTIVE TO LONGER TERM ACREAGE EXPANSION IN THIS  
CROP. IN THE CURRENT YEAR IT WOULD BE DIRECTED AT  
SHIELDING FARMERS FROM THE FULL EFFECT OF LOW INTER-  
NATIONAL WHEAT PRICES. THE BANK OF THE REPUBLIC, HOW-  
EVER, OPPOSED THE HIGHER LEVEL BECAUSE OF CLAIMED  
INSUFFICIENT FUNDS TO SUPPORT THE HIGHER PRICE.

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3. ACCORDING TO OTHER SOURCES, AZNAREZ WAS EVEN MORE SERIOUSLY ANGERED BY BANK OF THE REPUBLIC PRESIDENT GEN. ABDON RAIMUNDEZ' REFUSAL TO APPROVE SENDING SOMEBODY TO WASHINGTON TO CONCLUDE A WORLD BANK LOAN FOR FINANCING THE IMPORTATION OF TRACTORS UNDER URUGUAY'S PLAN AGRICOLA. THE TERMS OF THE LOAN STIPULATED THAT CUSTOMS DUTIES ON THE IMPORTED TRACTORS HAVE A CEILING OF 15 PERCENT, MUCH LOWER THAN CURRENT RATES OF 200-300 PERCENT WHICH ACT AS A STRONG DISINCENTIVE TO MODERNIZING AGRICULTURE.

4. THE WHEAT AND TRACTOR ISSUES REPRESENT KEY ELEMENTS IN THE FORMER MINISTER'S STRATEGY FOR AGRICULTURAL DEVELOPMENT: SUPPORT FOR GRAIN PRODUCERS WHICH ARE IMPORTANT PLAYERS FOR LONGER-TERM AGRICULTURAL DIVERSIFICATION AND LOWER-PRICED INPUTS TO ALLOW FARMERS TO ADOPT NEWER TECHNOLOGIES FOR OUTPUT AND PRODUCTIVITY INCREASES. IT WAS REPORTED THAT THE MINISTER HAD AGREEMENT WITH THE BANK OF THE REPUBLIC ON THE QUESTION OF TRACTOR IMPORTS; BUT RAIMUNDEZ REVERSED THE DECISION OF HIS STAFF, CITING OTHER REASONS (NO NEED FOR LOAN, HEAVY INDEBTEDNESS OF COUNTRY).

5. PERSONS WHO ARE RUMORED TO BE POSSIBLE SUCCESSORS TO A AZNAREZ ARE: (A) ISAAC COHEN, FORMER MINISTER OF ECONOMY AND FINANCE, (B) ESC. JOSE JASO ANCHORENA, FORMER PRESIDENT OF THE RURAL FEDERATION, (C) SR. LUIS PEILE, VICE-PRESIDENT OF INAC (NATIONAL MEAT MARKETING BOARD) AND PRESIDENT OF THE COMISION ADMINISTRADORA DE ABASTO, (D) ING. JUAN CARLOS CASSOU, WHO RECEIVED A GRANT FROM THE U.S. SOYBEAN ASSOCIATION SOME TIME AGO TO ATTEND AN INTERNATIONAL CONFERENCE ON SOYBEANS IN MEXICO AND (E) CARLOS MATTOS MOGLIA, FORMER PRESIDENT OF INAC. PRESIDENT MENDEZ ACCEPTED AZNAREZ' RESIGNATION THANKING HIM FOR " IMPORTANT SERVICES" RENDERED IN HIS TERM AS MINISTER.

6. THERE HAS BEEN NO FURTHER INFORMATION ON FOREIGN MINISTER BLANCO'S REPORTED RESIGNATION. ACCORDING TO NEWS REPORTS, HE PARTICIPATED IN THE FIRST SESSION OF THE DECEMBER 6 - 11 MEETING OF SENIOR CIVILIAN AND MILITARY AUTHORITIES (MONTEVIDEO 4240) AND IS ATTENDING THE DECEMBER 7-9 MEETING OF RIVER PLATE BASIN (CUENCA DEL PLATA) FORMINS IN BRASILIA.

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## Message Attributes

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